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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000242

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SUBJECT: KMT LY SPEAKER WANG JIN-PYNG ON OPTIONS TO REPLACE
EXISTING UN REFERENDA

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) During a February 26 meeting with the Director, KMT LY Speaker Wang Jin-pyng confirmed that he had met with President Chen on February 18 to discuss a "third referendum" to replace the DPP- and KMT-sponsored UN referenda currently scheduled to coincide with the March 22 presidential election. Wang said the Legislative Yuan could pass a resolution to replace the two referenda on February 22, the first day of its new session, but this is highly unlikely. If the KMT and DPP are unable to reach a compromise, President Chen could go forward with a "defensive referendum." The Central Election Commission is Chen's political tool, noted Wang, and it will facilitate whatever Chen decides to do. Wang was unable to say whether KMT presidential candidate Ma Ying-jeou or his DPP rival Frank Hsieh were in support of a "compromise" referendum, creating the impression that Wang and President Chen were operating largely independent of the presidential campaigns. If the presidential election were tomorrow, said Wang, Ma would most certainly win, but with 30 days remaining in the campaign, it is too soon to tell. Ma must do better at deflecting Hsieh campaign smear tactics like the "green card" scandal if he is to win, Wang noted. The presidential election will draw many more voters to the polls, Wang predicted, and if polling rates hold steady, Ma would win the presidential contest by 5-6 points.

¶2. (C) The Director met with KMT LY Speaker Wang Jin-pyng on February 20. Deputy Director Wang and POL's Brad Parker also attended the meeting.

Pres. Chen and Wang Discuss Third Referendum

¶3. (C) The Director noted recent press reports which indicated Wang had met recently with President Chen to discuss a "third UN referendum" to replace the two referenda scheduled for the March 22 ballot. Wang confirmed that he had met with Chen at Chen's request on Monday, February 18. During that meeting, Wang continued, President Chen had proposed the following language as the starting point for a new referendum: "Do you agree that 'We are a sovereign country, not a province of the People's Republic of China, and our 23 million people have the right to participate in the United Nations.'"

14. (C) There are two courses of action which might yield a third referendum, explained Wang. The first would be a "compromise," and would require the KMT-controlled LY to pass a bill endorsing the text of a third referendum to replace the existing two. The LY formally opens its new session this Friday, February 22. Under the Referendum Act, legislative referenda must be formally proposed no later than one month before the scheduled voting date. If a new, LY-sponsored referendum is to be held alongside the March 22 presidential election, Wang stressed, the LY will have one only day to pass the necessary legislation. (Note: In a separate meeting with the Director on February 21, KMT vice presidential candidate Vincent Siew said this idea had been taken off the LY calendar for February 22, and was essentially dead. The Siew meeting will be reported fully septel. End note.)

15. (C) The second option is a "defensive referendum" which President Chen could propose unilaterally, Wang continued. What time limitations or other restrictions does the Referendum Law place on the president's ability to propose a defensive referendum, asked the Director. Chen would have to propose the defensive referendum at least a week before the presidential election, Wang replied, to give the Central Election Commission (CEC) sufficient time to print the ballots. Aside from that practical concern, Wang continued, Chen need not be concerned by procedural limitations because the CEC is dominated by DPP loyalists who will "rubber stamp" whatever Chen chooses to do.

Why Seek a Third Referendum Now?

16. (C) Wang told the Director that President Chen did not

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explicitly state why he was seeking a compromise referendum, but Wang speculated that Chen is trying to avoid the embarrassment he and his party would suffer if the "UN for Taiwan" referendum were to fail. Chen may also be worried that failure of the DPP UN referendum would adversely affect Taiwan's future efforts to join the UN and other international organizations, added Wang. Wang stated he did not know whether DPP presidential candidate Frank Hsieh (Chang-ting) supported the push for a third referendum, but suggested, without elaborating, that it would "make sense" for Hsieh to do so.

17. (C) In discussing the KMT's motivation to reach a compromise on the referendum issue, Wang was equally vague, simply stating the KMT objective was to "get rid of the referenda." Wang told the Director KMT Chairman Wu Po-hsiung met with President Chen on January 24 to explore the possibility of a compromise referendum. According to Wang, Wu had two conditions for KMT cooperation: postponing the referendum vote until after the presidential election, and greater KMT representation on the CEC. Chen flatly refused both demands. Then, said Wang, the story leaked to the press, derailing the compromise dialogue until Chen approached Wang for the first time on February 13.

Ma May Not Be On Board

18. (C) Wang said he did not know whether KMT Chairman Wu had discussed the prospect of a compromise referendum with Ma, or whether the KMT leadership would clear any compromise referendum with him before ratifying it. The KMT UN referendum is something the party created, not Ma, Wang argued, and although it is likely that the party would consult Ma before changing course, it would not be necessary. Wang could not confirm Ma's support for a third referendum, or even describe why it would be in the KMT candidate's interest to go along with this scheme. Wang admitted that the DPP is unlikely to agree to de-couple the UN referendum ballot from the March 22 presidential ballot, essentially

killing any chance at cross-party cooperation on the matter.

Ma Strong, But Victory Not Guaranteed

¶9. (C) If the presidential election were tomorrow, Wang told the Director, Ma would almost certainly win, but with a month left in the race, it is still too early to tell. Ma must do better at deflecting accusations like the "green card" scandal, said Wang, implying that Hsieh and the DPP would bring more of the same in the weeks remaining until the March 22 election. The public continues to be focused on the economy, said Wang. Voters tend to believe the KMT is more capable than the DPP of honoring its promises to improve cross-Strait economic ties. The moderates and deep-Blues within the KMT both support Ma's plan to expand Taiwan's economic relationship with China, Wang explained, but many voters suspect the deep-Greens inside the DPP would hamstring Hsieh's efforts to move forward.

¶10. (C) There will be no "pendulum" or "bandwagon" effect, Wang predicted, but the increased voter turnout expected for the presidential election could be a decisive factor. Fifty-eight percent of Taiwan's eligible voters participated in the January 12 legislative elections, explained Wang. The KMT won 59 percent of the LY vote (equal to 34 percent of eligible voters), to the DPP's 41 percent (24 percent of eligible voters). Ten percent of Taiwan's eligible voters were able to swing the LY elections sharply in the KMT's favor, noted Wang. The turnout for the presidential election is expected to be near 80 percent, he continued, twenty points higher than the LY election. Taiwan businesspeople living in China, "swing voters," and young people will make up the bulk of that extra 20 percent, said Wang, groups with whom the KMT holds a meaningful advantage. If current polling figures hold, predicted Wang, the KMT would win the presidential election by a margin of 5-6 points.

Comment

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¶11. (C) As LY Speaker, Wang Jin-pyng plays a fairly prominent role in this island's politics. That said, he is something of an "entrepreneur" in recent attempts to solve the referendum impasse, as is President Chen. The key players now, one month before the election, are the two candidates. Their views are likely to be critical to any late hour change in the referenda. To the extent they currently seem opposed to Wang and Chen's initiatives, we remain doubtful anything will emerge from this latest jockeying.
YOUNG